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January 25, 2008

Mr. Tom Manos  
Chief Financial Officer  
Maricopa County Department of Finance  
301 West Jefferson, Suite 960  
Phoenix, Arizona 85003

Dear Mr. Manos:

MGT of America, Inc. has completed a jail per diem rate study for Maricopa County. The study included the development of a methodology and jail per diem rates for use by the County in charging non-County jurisdictions for utilizing County jail facilities during the County's fiscal year beginning July 1, 2008 and ending June 30, 2009 (FY 2008-09). The study was prepared in collaboration with the Maricopa County Sheriff's Office, Correctional Health Services, Department of Finance, and Office of Management and Budget. One unbound and four bound copies of the final report developed by MGT presenting the methodology and FY 2008-09 rates are enclosed.

#### **METHODOLOGY**

An activity based cost of services methodology has been developed and utilized by MGT to prepare the County's FY 2008-09 jail per diem rates that is in accordance with generally accepted accounting and costing principles. The methodology provides for the identification of the total costs and average cost of booking and housing prisoners in County detention facilities. Total costs include both costs incurred directly by the Maricopa County Sheriff's Office (MCSO), Maricopa County Correctional Health Services (MCCHS), and costs of administration and support activities provided by other departments in support of MCSO and MCCHS operations. Principal components of the methodology are:

- ❖ **Identification of Total Costs** – The identification of MCSO and MCCHS total direct and indirect costs to be analyzed in developing the jail per diem rates. The FY 2008-09 jail per diem rates are based on budgeted costs for the County's fiscal year ending June 30, 2008. Direct costs are those costs for which funds have been directly appropriated to MCSO and MCCHS. Indirect costs are costs of administrative and support services/activities provided by other County departments for which MCSO and MCCHS have not been directly funded. Three types of indirect costs were identified and analyzed: County central administrative and support, major facility maintenance, and building depreciation.
- ❖ **Reviewing and Analyzing Activities** - Through the review of MCSO and MCCHS organization charts and activity based budgets, MGT identified all organization units

and activities that were potentially involved—directly or indirectly—in booking and housing prisoners. Identified units were further analyzed through interviews with MCSO and MCCHS personnel as well as in-depth reviews of position information, activity data, and detailed cost data.

- ❖ **Assignment of Costs to Services** - All MCSO and MCCHS costs were ultimately assigned or allocated to one of the following service categories: intake, custody, outside medical services, extradition, and enforcement. Based on an activity review and analysis, costs of MCSO and MCCHS organization units and their activities were classified as either direct or allocated costs. Direct costs were assigned directly to the appropriate service categories. Allocated costs were assigned to service categories utilizing a cost allocation process. Costs of each organization unit or unit activity classified as an allocated cost was allocated to all benefiting service categories utilizing an appropriate allocation base. In selecting an allocation base, the objective was to utilize a base that was available and reasonably resulted in the allocation of costs to benefiting service categories in relation to benefit received or derived. For example, costs associated with budget and accounting activities were allocated based on budgeted expenditures; costs associated with personnel activities were allocated based on the number of full-time equivalent (FTE) positions; costs associated with the coordination and maintenance of vehicles were allocated based on the number of vehicle miles driven; and costs associated with facility usage were allocated based on square footage of space utilized.
- ❖ **Prisoner Bookings and Housing Man Days** - The booking rate was determined utilizing the number of prisoners booked by MCSO during a 12-month period. The housing rates were determined utilizing the number of prisoner man days less the number of prisoner releases during a 12-month period. Actual prisoner bookings, man days, and releases incurred during the 12-month period ended November 30, 2007 were utilized.
- ❖ **Average Cost or Rate** - Average costs or rates were determined by dividing the total costs of each of the three service categories for which rates are assessed by the appropriate service or rate base. The average booking costs was determined by dividing the total costs assigned or allocated to the booking services category by the number of prisoners booked. The average full housing costs, which includes all costs associated with prisoner housings, was determined by dividing the total costs assigned or allocated to the full housing services category by the number of prisoner man days, less the number of prisoner releases. The average state housing costs, which includes all costs associated with prisoner housings except outside medical service, was determined by dividing the total costs assigned or allocated to the state housing services category by the number of prisoner man days, less the number of prisoner releases.

## **FY 2008-09 JAIL PER DIEM RATES**

The enclosed Exhibit A from the Report provides the FY 2008-09 jail per diem rates for booking prisoners into and housing prisoners in County jail or detention facilities. In addition to the rates, the exhibit provides the number of booking and custody man days upon which the rates are based, and the County's total budgeted costs included in each rate. Additional exhibits and schedules are provided in the Report identifying MCSO and MCCHS total, costs, the classification

of costs as direct or allocated, the assignment of direct costs to service categories, and the allocation of allocated costs to service categories, and the allocation bases utilized to allocate costs. The FY 2008-09 jail per diem rates are:

❖ **Booking Rate - \$199.35**

The booking rate is the average costs incurred by Maricopa County to book a prisoner into a County detention facility. The booking rate includes all MCSO and MCCHS costs associated with activities required to process a prisoner into the detention system prior to their assignment to a detention facility.

The booking rate is 5.35% higher than the FY 2007-08 developed by the Maricopa County Department of Finance (DOF) utilizing the methodology developed in FY 2002-03 by another consulting firm. Although MCSO costs associated with booking were down slightly, MCCHS costs almost doubled. In the previous study it was estimated that 5% of MCCHS costs were associated with intake or booking. MCCHS began budgeting and tracking actual costs associated with intake in an activity code titled "Intake" during FY 2006. In the current study budgeted intake costs have been utilized. The enclosed Exhibit B provides a comparison of the FY 2008 and FY 2009 rate base data, costs, and rates.

❖ **Full Housing Rate - \$73.46**

The full housing rate is the average costs incurred by the County to house a prisoner in a County detention facility. The full housing rate includes all MCSO and MCCHS costs associated with feeding and clothing prisoners; medical, security, and transport services incurred after prisoners have been assigned to a detention facility; and maintenance and operation of detention facilities.

The full housing rate is 1.56% higher than the FY 2007-08 rate. The increase is a result of slightly fewer man days, and slightly higher costs. Exhibit B provides an analysis of the increase.

❖ **State Housing Rate - \$71.21**

The state housing rate is the average cost incurred by the County to house a prisoner in a County detention facility, excluding costs incurred by MCCHS for outside medical services. The state housing rate includes the same costs as the full housing rate except for the costs of outside medical services. The state and a few other jurisdictions reimburse the County and/or the medical provider for the actual costs of outside medical services incurred for their prisoners.

The state housing rate is .89% higher than the FY 2007-08 rate. The increase is a result of slightly fewer man days, and slightly higher costs. Exhibit B provides an analysis of the increase.

## REPORT FORMAT

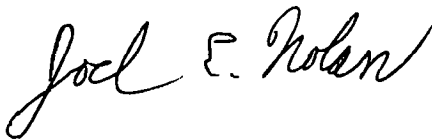
The final Report is comprised of the following sections:

- ❖ **Methodology** - A description of the methodology utilized to develop the FY 2008-2009 jail per diem rates.

- ❖ **Fiscal Year 2008-2009 Jail Per Diem Rates** - Exhibits providing and supporting the development of the FY 2008-2009 jail per diem rates.
- ❖ **Cost Allocation Plans** - Descriptions of and summary schedules from the cost allocation plans that were developed to allocate costs benefiting multiple funds, organization units, activities, and/or services.

If you have any questions concerning the report or attached exhibits and/or MGT may be of additional assistance, please contact me. MGT of America, Inc. appreciated this opportunity to be of service to Maricopa County.

Sincerely,



Joel E. Nolan  
National Director  
Costing Services Practice

Enclosures

Cc: Sandi Wilson, Maricopa County Deputy County Manager  
Loretta Barkell, Maricopa County Sheriff's Office Chief Financial Officer  
Betty Adams, Maricopa County Director of Correctional Health Services

**MARICOPA COUNTY ARIZONA  
FY 2008-09 JAIL PER DIEM RATE STUDY**

**FY 2008-09 JAIL PER DIEM RATES**

DESCRIPTION	UTILIZATION DATA	BUDGETED COSTS	BOOKING RATE	FULL HOUSING RATE	STATE * HOUSING RATE	NON RATE COSTS
<b>Rate Base Data (FY 2007)</b>						
Bookings	130,400		130,400			
Custody Man Days	3,484,267			3,484,267	3,484,267	
Releases	129,696			(129,696)	(129,696)	
Total			<u>130,400</u>	<u>3,354,571</u>	<u>3,354,571</u>	
<b>Budgeted Costs (FY 2008)</b>						
Sheriff's Office						
Enforcement		\$86,862,980	\$0	\$0	\$0	\$86,862,980
Intake		21,236,251	21,236,251			
Custody		200,895,045		200,895,045	200,895,045	
Extradition		1,120,297				1,120,297
Subtotal		<u>310,114,573</u>	<u>21,236,251</u>	<u>200,895,045</u>	<u>200,895,045</u>	<u>87,983,277</u>
Correctional Health Services						
Intake		4,759,616	4,759,616			
Custody		37,993,831		37,993,831	37,993,831	
Outside Medical Services		7,542,552		7,542,552		
Subtotal		<u>50,295,999</u>	<u>4,759,616</u>	<u>45,536,383</u>	<u>37,993,831</u>	<u>0</u>
Total Costs		<u>\$360,410,572</u>	<u>\$25,995,867</u>	<u>\$246,431,428</u>	<u>\$238,888,876</u>	<u>\$87,983,277</u>
<b>FY 2008-09 Jail Per Diem Rates</b>			<u>\$199.35</u>	<u>\$73.46</u>	<u>\$71.21</u>	
* State Housing Rate does not include outside medical services.						

**MARICOPA COUNTY ARIZONA**  
**FY 2008-09 JAIL PER DIEM RATE STUDY**

**EXHIBIT B**

**COMPARISON OF FY 2008 AND FY 2009 RATES**

DESCRIPTION	OVERALL			BOOKING RATE		
	FY 2008	FY 2009	AMOUNT INCREASE (DECREASE)	PERCENT INCREASE (DECREASE)	FY 2008	FY 2009
<b>Rate Base Data</b>						
Bookings	125,959	130,400	4,441	3.53%	125,959	130,400
						4,441
						3.53%
<b>Custody</b>						
Man Days	3,499,553	3,484,267	(15,286)	-0.44%		
Releases	(126,863)	(129,696)	(2,833)	2.23%		
Total	3,372,690	3,354,571	(18,119)	-0.54%		
<b>Budget</b>						
<b>MCSO</b>						
County Central Services	27,158,407	25,830,807	(1,327,600)	-4.89%	\$385,407	837,756
Building Depreciation	10,438,729	8,139,990	(2,298,739)	-22.02%	175,371	363,743
Major Maintenance	16,742,600	7,893,798	(8,848,802)	-52.85%	194,214	(194,214)
Fund 100	89,257,100	94,904,370	5,647,270	6.33%	4,408,408	1,932,839
Fund 255	157,463,935	173,345,608	15,881,673	10.09%	16,274,833	18,101,913
Subtotal	301,060,771	310,114,573	9,053,802	3.01%	21,438,233	21,236,251
						(201,982)
						117.37%
						107.41%
						-100.00%
						-56.16%
						11.23%
						-0.94%
<b>CHS Fund 255</b>						
County Central Services	1,485,292	1,498,658	13,366	0.90%	74,264	168,820
Fund 255	46,453,416	48,797,341	2,343,925	5.05%	2,322,671	4,590,796
Subtotal	47,938,708	50,295,999	2,357,291	4.92%	2,396,935	4,759,616
						2,362,681
						98.57%
Total Costs	\$348,999,479	\$360,410,572	\$11,411,093	3.27%	\$23,835,168	\$25,995,867
						\$2,160,699
						9.07%
<b>Average Cost/Rate</b>						
					\$189.23	\$199.35
						\$10.13
						5.35%

**EXHIBIT B**

DESCRIPTION	FULL HOUSING RATE			STATE HOUSING RATE		
	FY 2008	FY 2009	PERCENT INCREASE (DECREASE)	FY 2007	FY 2008	PERCENT INCREASE (DECREASE)
<b>Rate Base Data</b>						
Bookings						
Custody						
Man Days						-0.44%
Releases	3,499,553 (126,863)	3,484,267 (129,696)	(15,286) (2,833)	3,499,553 (126,863)	3,484,267 (129,696)	2.23%
Total	3,372,690	3,354,571	(18,119)	3,372,690	3,354,571	-0.54%
<b>Budget</b>						
MCSO						
County Central Services	\$18,884,954	12,709,510	(6,175,444)	\$18,884,954	12,709,510	-32.70%
Building Depreciation	8,593,162	7,173,351	(1,419,811)	8,593,162	7,173,351	-16.52%
Major Maintenance	16,548,386	7,893,798	(8,654,588)	16,548,386	7,893,798	-52.30%
Fund 100	13,189,603	17,874,691	4,685,088	13,189,603	17,874,691	35.52%
Fund 255	141,189,102	155,243,695	14,054,593	141,189,102	155,243,695	9.95%
Subtotal	198,405,207	200,895,045	2,489,838	198,405,207	200,895,045	1.25%
CHS Fund 255						
County Central Services	1,411,028	1,329,838	(81,190)	1,411,028	1,256,240	-10.97%
Fund 255	44,130,745	44,206,545	75,800	38,234,736	36,737,591	-3.92%
Subtotal	45,541,773	45,536,383	(5,390)	39,645,764	37,993,831	-4.17%
Total Costs	\$243,946,980	\$246,431,428	\$2,484,448	\$238,050,971	\$238,888,876	0.35%
Average Cost/Rate	\$72.33	\$73.46	\$1.13	\$70.58	\$71.21	0.89%